



UNITED STATES SENATE
**REPUBLICAN
POLICY COMMITTEE**

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**President Renews Congressional Call to Pass TPA;
Powell Calls it Key Diplomatic Tool**

**Now is the Time to Renew the President's
Trade Promotion Authority**

Yesterday the President of the United States urged Congress to quickly pass a package to reinvigorate the struggling economy and, along with it, to give him Trade Promotion Authority (formerly known as "fast track") to allow him the flexibility to pursue trade opportunities:

"I need to be able to negotiate trade agreements with nations who aren't trading with America. . . . We need to be aggressive when it comes to opening up markets and taking advantage of opportunities around the world.

"This nation should not stand on the sidelines when it comes to free trade. We must be confident. People who build walls around America aren't confident in America. They're not confident in American workers; they're not confident in American businesses. I'm confident in America's ability to compete. I want to tear walls down. I want to make it easier for the world to trade in freedom, and I think it's good for American workers that we trade. I think it's good for American business that we trade. And I know it's good for the spread of American values if we trade freely around the world."
[Associated Press,
10/31/01]

The President made clear that not only is progress on trade policy integral to restoring health to our economy, it's also a key instrument of international policy through the spread of American values. Last month in a published commentary, Secretary of State Colin Powell elaborated on this theme, calling TPA an "essential part of our diplomatic tool kit":

"Since Sept. 11, our efforts have been devoted to the creation of an international coalition to root out and punish those responsible for this day of horror. Now, we must ensure that our broader foreign policy agenda is not hijacked by the terrorists. While the campaign against international terrorism

remains our top priority, it must not be our only priority. Among our other priorities, nothing is more important than promoting international trade. . .” [*The Wall Street Journal*, 10/16/01]

Secretary Powell’s commentary related the positive diplomatic effects of a strong trading relationship on fighting poverty in developing countries, on supporting personal freedoms in our trading partners’ citizenry, and on promoting international responsibility.

The call to action on TPA is being heralded not just by the President and his cabinet. The *Washington Post* looks upon this month’s trade summit as a compelling reason to put TPA back on the Congress’s front burner. Here’s what the *Post* related in a recent editorial:

“... Both [Democrats and Republicans] need to be focused on getting trade promotion authority enacted quickly. Even before the events of Sept. 11, the upcoming trade summit was vital. It will be the first attempt to launch a new round of trade liberalization since the ill-fated summit in Seattle two years ago; a second consecutive failure would damage the fragile trading system. Moreover, the summit will aim, among other things, to initiate talks on freeing farm trade, an area that would profit not only U.S. exporters but farmers in the developing world. According to the World Bank, a successful trade round would generate some \$1.5 trillion in additional income for developing countries over a decade. That would help poor countries export their way to prosperity, while demonstrating that the U.S.-backed international system is fair to all nations.” [*Washington Post*, editorial, 10/2/01]

TPA Sends a Signal

Secretary Powell’s description of TPA as “an essential part of our diplomatic tool kit” rests on two main principles:

- TPA signals to the world that the United States is not retreating behind our borders: Our U.S. Trade Representative says, “Congress now needs to send an unmistakable signal to the world that the United States is committed to global leadership of openness and understands that the staying power of our new coalition depends on economic growth and hope. . . . [M]ost important, Congress needs to enact U.S. trade promotion authority so America can negotiate agreements that advance the causes of openness, development and growth.” [U.S. Trade Representative Robert B. Zoellick, “Countering Terror With Trade,” *Washington Post*, 9/20/01]
- TPA signals to our trading partners that the President’s negotiators speak for the entire

United States: Renewal of TPA would tell other governments that the President means what he says when he signs off on a trade deal that helps the American economy. At the same time, it ensures close collaboration with Congress.

TPA Spurs Economic Growth

President Bush has placed renewal of TPA at the top of his trade agenda and has made it a critical part of his economic program. TPA permits the President to negotiate good trade deals that will open markets, increase choices, and lower costs for American farmers, workers, consumers, and businesses.

In the aftermath of the September 11 attacks, the arguments for TPA are even more compelling. Here's how Ambassador Zoellick describes the economic status:

“America is inextricably linked to the global economy. Trade and earnings on international investments now amount to one-third of our nation's output. Exports account for 25 percent of gross cash sales for America's farmers and ranchers — a projected total of \$57 billion for next year. The jobs of one out of every five U.S. manufacturing workers rely on exports. And the annual gains from our last major trade agreements — the North American Free Trade Agreement and the Uruguay Round — amount to between \$1,300 and \$2,000 for the average American family of four. America cannot lead effectively if it slips in international markets. . . . When multiplied across products and countries, the cost to America's strength — and to workers, farmers and families — of falling behind on trade soars exponentially.” [Washington Post, 9/20/01]

- **TPA is critical in stimulating economic growth, especially in export-related industries: America's competitors have taken advantage during the seven-year lapse in TPA authority. For example, U.S. exporters are losing business in Chile to Canadian firms because Canada has negotiated a free trade agreement with Chile and the United States has not. The United States is a party to just two of the more than 130 preferential trade agreements in the world today, and it belongs to only one of the 30 free trade agreements in the Western Hemisphere.**
- **The gains are projected to be substantial: The World Trade Organization (WTO) plans to launch a new round of global trade talks in November. Estimates of the increase in global growth that would result from a new round of WTO negotiations run as high as \$600 billion — \$177 billion of which would be the annual gain for the United States.**
- **TPA expedites free trade, which is good for American workers: When American workers compete on the world stage, American workers win. Over 12 million U.S. jobs depend on exports. Jobs supported by goods exports pay 13-18 percent more than the U.S. national average.**

- **TPA expedites free trade, which is good for American farmers:** When the world buys America's top-quality food, American farmers win. One in three U.S. farm acres is planted for export, and 25 percent of gross farm income comes from exports.
- **TPA is good for American consumers and businesses:** When Americans can shop the world for the best prices and highest quality goods, American consumers and producers win. Earlier trade agreements (such as NAFTA and the Uruguay Round of GATT) have provided an average annual benefit of \$1,300 to \$2,000 per family of four.

TPA Allows for Congressional Participation

TPA represents a workable means of accommodating Congress' authority to regulate foreign trade with the role of the President as the nation's voice in foreign affairs. TPA would give the President the flexibility to seize any trade opportunity, without compromising American sovereignty or slipping into protectionism:

- **TPA reflects an agreement between the President and Congress:** Under TPA, the President works with Congress throughout the course of trade talks both on the conduct of trade negotiations and in the implementation of any resulting agreement.
- **Congress retains its ultimate role:** In addition to that ongoing right of involvement, Congress preserves its ultimate role in determining whether the results serve the long-term interests of the United States by participating in the formulation of the implementing legislation and then voting on the resulting agreement and its implementing bill.
- **TPA affords Congress opportunities beyond trade itself:** The TPA framework also reflects the fact that there is a range of trade-related opportunities beyond trade negotiations themselves to move governments around the world toward respect for worker rights and for the environment in connection with international trade. In the TPA renewal, these issues will be addressed in a manner that is consistent both with the overarching goal of opening new markets for U.S. exporters and with safeguarding the constitutional power of Congress to set labor and environmental standards. As the President has said, trade helps create the culture of liberty and the economic wealth needed to build and sustain support for better working conditions and improved environmental protection around the world.
- **TPA renewal marks a step forward for those concerned about labor and environmental issues in trade:** Under the Bush trade agenda, both labor and environmental goals will be included in the list of principal U.S. negotiating objectives for future trade agreements, thus meeting a key request from the labor and environmental communities. The

framework also seeks to increase transparency in international trade organizations and agreements, including opening the World Trade Organization to greater public scrutiny and allowing the public to observe dispute settlement proceedings — two important requests by non-governmental organizations (NGOs) monitoring the trade negotiation process.

TPA is Good for American Values

For the average American, opening new markets means stronger economic growth, higher-paying export-related jobs, and wider choice of higher quality goods at lower prices. Yet the benefits hardly stop there. Here Colin Powell elaborates on the President's argument that increased trade is "good for the spread of American values":

"America flourishes in a world that welcomes America's values. And America's values flourish in a world where a vibrant international trading system reinforces democracy, growth, and the free flow of ideas. The State Department's mission is to promote these trends and use them to advance America's interests in the world. It's a challenging job. We need every tool we have. We need — America needs — TPA in our tool box." *[Wall Street Journal, 10/16/01]*

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[Note: Most of the talking points contained in this paper were taken from the Office of the U.S. Trade Representative, and from the Department of Commerce.]